

## **SUMMARY OF LAWS AND REGULATIONS ON BANK INDONESIA**

Regulation : Bank Indonesia Circular Letter Number 12/ 17 /DPM dated July 6, 2010 concerning Standing Facilities.

Effective on : July 7, 2010.

Summary :

1. Consideration for the improvement of the provisions:

The purpose of improvement of the provisions is to harmonize the usage of the term ‘standing facility instrument’ in monetary operations, which comprises the supply of rupiah funds by Bank Indonesia to Banks (lending facility) and placement of rupiah funds by Banks with Bank Indonesia (deposit facility).

2. Subjects of the provisions:

a. Standing facilities shall be the instrument used by Bank Indonesia for injecting liquidity (lending facility) and absorbing liquidity (deposit facility) in the money market, with 1 (one) business day-tenure (overnight).

b. Lending facility shall be provided by way of repurchase agreement (repo) of securities according to the price and term agreed in a non-auction mechanism.

c. Deposit facility shall be provided through the deposit facility of standing facility participants

with Bank Indonesia through a non-auction mechanism.

- d. With regard to the cancellation of standing facility transactions, Participants of standing facilities shall be subject to monetary operation sanctions in the forms of:

- 1) a written reprimand;
- 2) a financial penalty of 0.01% of the nominal value of the cancelled transaction, in a minimum of Rp10 million and in a maximum of Rp100 million; and
- 3) temporary suspension of its participation in monetary operations activities for 5 (five) consecutive business days in the event that the OMO transaction is cancelled for the third time during 6 (six) month-tenure.

3. Closing provisions

With the enactment of this Circular Letter, the previous Circular Letters along with the amendments thereof concerning:

- 1) Implementation and Settlement of Bank Indonesia's Deposit Facility in Rupiah.

2) Repurchase Agreement Transactions with Bank  
Indonesia in the Secondary Market.

shall be revoked and declared null and void.

DPM